

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-55744; File No. 4-429)

May 11, 2007

Joint Industry Plan; Order Approving Joint Amendment No. 22 to the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage Relating to Response Time for Certain Orders Sent Through the Linkage

I. Introduction

On February 2, 2007, February 15, 2007, February 5, 2007, February 7, 2007, January 30, 2007, and February 13, 2007, the American Stock Exchange LLC (“Amex”), the Boston Stock Exchange, Inc. (“BSE”), the Chicago Board Options Exchange, Incorporated (“CBOE”), the International Securities Exchange, LLC (“ISE”), the NYSE Arca, Inc. (“NYSE Arca”), and the Philadelphia Stock Exchange, Inc. (“Phlx”) (collectively, “Participants”), respectively, filed with the Securities and Exchange Commission (“Commission”) pursuant to Section 11A of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 608 thereunder<sup>2</sup> an amendment (“Joint Amendment No. 22”) to the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage (“Linkage Plan”).<sup>3</sup> In Joint Amendment No. 22, the Participants propose to reduce (i) the amount of time a member must wait after sending a Linkage Order<sup>4</sup> to a market

---

<sup>1</sup> 15 U.S.C. 78k-1.

<sup>2</sup> 17 CFR 242.608.

<sup>3</sup> On July 28, 2000, the Commission approved a national market system plan for the purpose of creating and operating an intermarket options market linkage (“Linkage”) proposed by Amex, CBOE, and ISE. See Securities Exchange Act Release No. 43086 (July 28, 2000), 65 FR 48023 (August 4, 2000). Subsequently, Phlx, Pacific Exchange, Inc. (n/k/a NYSE Arca), and BSE joined the Linkage Plan. See Securities Exchange Act Release Nos. 43573 (November 16, 2000), 65 FR 70851 (November 28, 2000); 43574 (November 16, 2000), 65 FR 70850 (November 28, 2000); and 49198 (February 5, 2004), 69 FR 7029 (February 12, 2004).

<sup>4</sup> See Section 2(16) of the Linkage Plan. For the purposes of this Joint Amendment No. 22 only, references to “Linkage Orders” herein pertain to P/A Orders and Principal Orders. For definitions of “P/A Order” and “Principal Order,” see Section 2(16)(a) and (b) of the Linkage Plan, respectively.

before the member<sup>5</sup> can trade through that market and (ii) the timeframe within which a Participant must respond to a Linkage Order after receipt of that Order. On March 8, 2007, the Commission summarily put into effect Joint Amendment No. 22 on a temporary basis not to exceed 120 days and solicited comment on Joint Amendment No. 22 from interested persons.<sup>6</sup> The Commission received no comments on Joint Amendment No. 22. This order approves Joint Amendment No. 22.

## II. Description of the Proposed Amendment

In Joint Amendment No. 22, the Participants proposed to reduce the amount of time a member must wait after sending a Linkage Order to a market before the member can trade through that market. The Participants proposed to decrease this time period from 20 seconds to 5 seconds. The Participants also proposed to reduce the time frame in which a Participant must respond to a Linkage Order from 15 to 5 seconds after receipt of that Order.

## III. Discussion and Commission Findings

The Commission previously determined, pursuant to Rule 608 under the Act,<sup>7</sup> to put into effect summarily on a temporary basis not to exceed 120 days, the changes to the Linkage Plan detailed above in Joint Amendment No. 22.<sup>8</sup> After careful consideration of Joint Amendment No. 22, the Commission finds that approving Joint Amendment No. 22 is consistent with the requirements of the Act and the rules and regulations thereunder. Specifically, the Commission

---

<sup>5</sup> The term “member,” as used herein, includes NYSE Arca OTP Holders and OTP Firms and Boston Options Exchange (“BOX”) Options Participants. See NYSE Arca Rules 1.1(q) and 1.1(r) and Chapter I, Sec. 1(a)(40) of BOX Rules, respectively.

<sup>6</sup> See Securities Exchange Act Release No. 55436, 72 FR 12639 (March 16, 2007).

<sup>7</sup> 17 CFR 242.608.

<sup>8</sup> See supra note 6.

finds that Joint Amendment No. 22 is consistent with Section 11A of the Act<sup>9</sup> and Rule 608 thereunder<sup>10</sup> in that it is appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets. The Commission believes that reducing the time required by a Participant to respond to a Linkage Order and the amount of time a member sending a Linkage Order must wait before trading through a nonresponsive Participant should facilitate the more timely execution of orders across the options exchanges.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 11A of the Act<sup>11</sup> and Rule 608 thereunder,<sup>12</sup> that Joint Amendment No. 22 is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>13</sup>

Florence E. Harmon  
Deputy Secretary

---

<sup>9</sup> 15 U.S.C. 78k-1.

<sup>10</sup> 17 CFR 242.608.

<sup>11</sup> 15 U.S.C. 78k-1.

<sup>12</sup> 17 CFR 242.608.

<sup>13</sup> 17 CFR 200.30-3(a)(29).